

## Message Text

CONFIDENTIAL

PAGE 01 NEW DE 03306 041628Z

65

ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /085 W

----- 125770

R 041230Z MAR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4430

INFO AMEMBASSY ISLAMABAD

AMEMBASSY TEHRAN

C O N F I D E N T I A L NEW DELHI 3306

EO 11652: GDS

TAGS: IN, IR, EAID, EFIN

SUBJ: IRAN'S FINANCIAL ASSISTANCE TO INDIA

REF: 75 TEHRAN 10866

1. MOF OFFICIALS TELL US THAT IRAN HAS AGREED TO PROVIDE \$250 MILLION IN FINANCIAL ASSISTANCE TO GOI OVER TWO FISCAL YEARS. EVIDENTLY AGREEMENT WAS REACHED SOME WEEKS AGO BUT EXTREMELY COMPLICATED IRANIAN "RATIFICATION" PROCEDURES RESULTED IN FINAL APPROVAL NOT BEING GIVEN UNTIL MARCH 3.

2. INDIAN OFFICIALS STATE THAT THERE HAS BEEN NO AGREEMENT THIS YEAR REGARDING PREFERENTIAL PRICING OF POL SUPPLIES. IRAN HAS URGED INDIA TO INCREASE ITS PURCHASES OF IRANIAN CRUDE, BUT, IN FACE OF ESSENTIALLY FLAT TOTAL IMPORTS, INDIAN REFINERS ARE RELUCTANT TO SWITCH TO INCREASED USE OF IRANIAN CRUDE. A NEGOTIATING IMPASSE HAS THEREFORE RESULTED AND PROSPECTS FOR A CREDIT ALONG THE LINES OF PREVIOUS YEARS ARE UNCERTAIN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 03306 041628Z

3. AS NOTED IN TEHRAN'S 10866, THE KUDREMUKE AGREEMENT WAS SIGNED LAST NOVEMBER. INITIAL ADVANCE DISBURSEMENT OF \$100 MILLION HAS BEEN MADE TO INDIA AT TWO AND A HALF PERCENT INTEREST, THE SAME INTEREST RATE WHICH APPLIES TO THE ENTIRE KUDREMUKE PROJECT.

4. IN COMMENTING ON THESE AGREEMENTS TO THE POLITICAL COUNSELOR, IRANIAN MINISTER GAFFARI STATED THAT IRAN HAD TWO REASONS FOR GOING AHEAD WITH KUDREMUKE AND OTHER FINANCIAL/TRADE ARRANGEMENTS WITH INDIA. THE FIRST OF THESE WAS IRAN'S OWN INTEREST IN OBTAINING SUPPLIES OF IRON ORE FOR ITS STEEL INDUSTRIES. THE SECOND REASON, HOWEVER, WAS THE HOPE THAT TIES WITH INDIA WOULD GIVE IRAN INCREASED LEVERAGE ON INDIA'S POLICY TOWARDS PAKISTAN. IRAN'S PRIMARY GOAL IN SOUTH ASIA WAS STABILITY AND ECONOMIC TIES WITH INDIA WERE SEEN AS USEFUL IN THIS REGARD.  
SAXBE

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, AGREEMENTS, FINANCIAL PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NEWDE03306  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760083-0733  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760395/aaaadfve.tel  
**Line Count:** 79  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 TEHRAN 10866  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 JUN 2004 by greeneet>; APPROVED <14 JUN 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IRAN'S FINANCIAL ASSISTANCE TO INDIA  
**TAGS:** PFOR, EAID, EFIN, IR, IN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006